GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA

STARRED QUESTION NO:21
ANSWERED ON:26.07.2005
DERESERVATION OF MANUFACTURING ITEMS
Patil Shri Anna Saheb M.K.;Ponnuswamy Shri Mohan

Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether certain items reserved for production under the Small Scale Sector Industries (SSIs) have been dereserved recently;

(b) if so, the details and the reasons therefor alongwith the items whose production would be left with SSI;

(c) whether the Government has permitted foreign companies to enter the SSI sector;

(d) if so, the details thereof alongwith measures taken to protect the interest of SSI;

(e) whether the Government has conducted any study prior to dereserving the items falling under SSI sector; and

(f) if so, the details thereof?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)to(f): A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 21 FOR 26.07.2005

(a)&(b): Government has dereserved 108 products (including ten sub-products) from the list of products reserved for exclusive manufacture in the small scale industries (SSI) sector under notification no. 420(E) dated 28 March 2005, to allow greater opportunities for technological upgradation, promotion of export and achieving economies of scale. At present, there are 506 items reserved exclusively for manufacture in the SSI sector, as detailed in the enclosed Annexure.

(c)&(d): Companies, including foreign companies, having equity interest in any industrial undertaking are not permitted to invest more than 24% of equity in a small scale industry. If a non-SSI unit (domestic or foreign) intends to manufacture any product reserved exclusively for manufacture in the SSI sector, it has to undertake export obligation of at least 50% of its production. There has been no change in these policies.

(e)&(f): Before dereservation of products, industry associations, Ministries of the Central Government and specialists concerned are consulted and the recommendations of the Advisory Committee constituted under the Industries (Development & Regulation) Act, 1951 are taken in account.